

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
BOND FINANCING PROGRAM**

**Meeting Date: May 22, 2007**

**Executive Summary**

***Request To Approve Amendment and Restatement of Initial Resolution***

Prepared by: *Michael Smith*

<b>Applicant:</b> Burrtec Waste Group, Inc. and/or its affiliates	<b>Amount Requested:</b> \$42,600,000
<b>Project</b> Various locations throughout	<b>Application No.:</b> 741
<b>Location:</b> Los Angeles, Riverside & San Bernardino Counties	<b>Prior Actions:</b> IR 03-20 – Approved 12/16/03 Amended 09/01/05 FR 423 Approved 03/30/04 FR 450 Approved 12/13/05

**Type of Business:** Burrtec Waste Group, Inc. and its Affiliates provide solid waste disposal and recycling services for residential, commercial, and industrial customers in Los Angeles, Riverside, and San Bernardino Counties.

**Background:** The Company requests to amend and restate its Initial Resolution (IR). Previous actions on this application are listed below.

- Original IR approved December 16, 2003 for \$24,200,000.
- FR #423 approved March 30, 2004.
- Bonds issued in the amount of \$9,920,000 on July 28, 2004.
- On September 1, 2005, the IR was amended and increased by \$36,373,000. This left \$52,160,000 remaining to be issued and brought the total amount authorized under this IR to \$60,573,000.
- FR #450 approved for \$18,445,000 on December 13, 2005.
- Bonds issued in the amount of \$18,445,000 on January 26, 2006.

The current request increases the total amount of the IR by \$8,905,000 for a total authorized to \$69,478,000 of which \$42,600,000 remains outstanding. The amendment also reallocates funds between the various Project components previously identified. Attachment A provides a detailed project cost summary.

All other Project site and cost information as stated in the original IR and subsequent IR amendment remain the same. The Company would also like to clarify the location of the Santa Clarita Materials Recovery Facility (MRF) site which previously was unidentified. The Company has selected 25120 Sierra Highway, Santa Clarita as the new MRF site and anticipates purchasing the site which is comprised of three vacant and contiguous parcels of land.

**Public Benefits:** The Company represents that the Project is designed to generate the public benefits described below.

**Waste Diversion.** The Project involves the purchase and installation of equipment which is anticipated to improve throughput capacity and thereby achieve an increase in the volume of recyclables processed and waste diverted.

**Pollution Control:** The Company represents the Project will generate the pollution control benefits described below.

**Improved Air Quality.** The Company plans to replace its older collection vehicles with liquefied and compressed natural gas vehicles that comply with South Coast Air Quality Management District’s standards for vehicle air emissions.

**Improved Water Quality.** The facilities will conduct recycling operations on concrete or asphalt surfaces, which will inhibit ground water contamination.

**Permits:** The Company currently has the following permit status:

Santa Clarita MRF .....	In process
Palm Springs MRF .....	In process
Coachella Transfer Station .....	Existing
Fontana Corporate Headquarters/Yard .....	Existing
Agua Mansa MRF .....	Existing

**Financing Details:** The Company anticipates a negotiated tax-exempt, weekly reset, variable rate bond issue with a term not to exceed 30 years for the qualifying portion of the project. The Company plans to secure the bonds with an irrevocable, direct pay Letter of Credit that is rated at least “A-” by Fitch Rating Agency or equivalent. The target date for financing is October 2007.

**Financing Team:**

<b>Underwriter:</b>	Westhoff, Cone & Holmstedt
<b>Bond Counsel:</b>	Orrick, Herrington & Sutcliffe
<b>Financial Advisor:</b>	Andrew Rose

**Legal Questionnaire:** The Staff has reviewed the Company’s responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

**Staff Recommendation:** Staff recommends approval of the amendment and restatement to Initial Resolution No. 03-20 for Burrtec Waste Group, Inc. and/or its Affiliates for an amount not to exceed \$42,600,000.

*Note: An Initial Resolution approval is not a commitment that the Board will approve a Final Resolution and bond financing of the proposed Project.*

Attachment A									
BURRTEC WASTE GROUP, INC. REVISED PROJECT COST SUMMARY									
Location/Description	Original IR 03-20 12/16/03	FR/Bond Issue 7/27/04	Amounts Remaining	2005 Net Changes Requested	IR Amend Approved 9/1/05	FR/Bond Issue 1/26/06	Amounts Remaining	2007 Net Changes Requested	Total IR Amend Request
<b>A. Santa Clarita MRF</b>									
Land	3,000,000		3,000,000	3,000,000	6,000,000		6,000,000	(2,800,000)	3,200,000
Building	3,000,000		3,000,000	1,000,000	4,000,000		4,000,000		4,000,000
Design/permitting	1,000,000		1,000,000	1,000,000	2,000,000		2,000,000		2,000,000
Transfer vehicles	2,000,000	2,000,000	0	1,400,000	1,400,000		1,400,000		1,400,000
Collection containers	1,000,000	1,000,000	0	0	0		0		0
Sorting line & related equipment	2,000,000		2,000,000	2,500,000	4,500,000		4,500,000	1,000,000	5,500,000
<b>B. Palm Springs MRF</b>									
Land	1,000,000		1,000,000	0	1,000,000		1,000,000	(1,000,000)	0
Building	2,500,000		2,500,000	500,000	3,000,000		3,000,000		3,000,000
Design/permitting	750,000		750,000	0	750,000		750,000	250,000	1,000,000
Sorting line & related equipment	2,000,000		2,000,000	0	2,000,000		2,000,000	3,000,000	5,000,000
<b>C. System Wide</b>									
Collection vehicles	3,000,000	3,000,000	0	4,500,000	4,500,000	2,250,000	2,250,000	4,750,000	7,000,000
Collection containers	2,000,000	2,000,000	0	3,000,000	3,000,000	1,500,000	1,500,000	1,500,000	3,000,000
<b>D. Victorville MRF</b>									
Additional sorting line and related equipment such as balers and loaders				3,800,000	3,800,000	3,800,000	0		0
Building modification				200,000	200,000	200,000	0		0
<b>E. Coachella Transfer Station</b>									
Loader, tractors and trailers				500,000	500,000		500,000		500,000
Building modifications to include 2 new tunnels and more floor space				3,000,000	3,000,000		3,000,000		3,000,000
Engineering & design								1,000,000	1,000,000
<b>F. TRICO Corporate Yard</b>									
Land				150,000	150,000	150,000	0		0
Construct maintenance shop, offices, truck wash, bin repair shop and paint booth				5,000,000	5,000,000	5,000,000	0		0
12 front loader collection vehicles				1,700,000	1,700,000	1,700,000	0		0
<b>G. Fontana Corporate Headquarters/Yard</b>									
Additional office space				1,000,000	1,000,000		1,000,000	(1,000,000)	0
Fueling equipment								1,000,000	1,000,000
<b>H. Victorville, Barstow, Mid Valley, Landers &amp; San Tinoteo Landfills</b>									
New yellow iron (cats) and C&D processing equipment such as screens, excavators, loaders, rolloff boxes and fencing at each of these sites				3,000,000	3,000,000	3,000,000	0		0
<b>I. Agua Mansa MRF</b>									
4 transfer trailers				400,000	400,000	400,000	0		0
Cost increases from 2002 Financing (1)		1,507,000							
Tipping floor replacement /									
Tunnel upgrade								1,000,000	1,000,000
<b>SUBTOTAL PROJECT COSTS</b>	<b>23,250,000</b>	<b>9,507,000</b>	<b>15,250,000</b>	<b>35,650,000</b>	<b>50,900,000</b>	<b>18,000,000</b>	<b>32,900,000</b>	<b>8,700,000</b>	<b>41,600,000</b>
<b>J. Other Costs of Issuance</b>									
CPCFA Administrative Fee	36,300		36,300	68,020	104,320	31,890	63,427	16,773	80,200
SBAF Contribution	158,056		158,056	189,344	347,400	95,500	195,502	51,698	247,200
Other Costs of Issuance	289,644	413,000	91,244	465,636	556,880	226,510	414,888	109,712	524,600
Bank Costs	449,068		251,400	0	251,400	40,000	94,419	24,968	119,387
Contingency	16,932	0	0	0	0	51,100	26,764	1,849	28,613
<b>PROPOSED BOND ISSUANCE</b>	<b>24,200,000</b>	<b>9,920,000</b>	<b>15,787,000</b>	<b>36,373,000</b>	<b>52,160,000</b>	<b>18,445,000</b>	<b>33,695,000</b>	<b>8,905,000</b>	<b>42,600,000</b>
(1) Represents an amount used for cost increases based on an earlier Inducement Resolution.									
Key: <span style="color: orange;">■</span> Additional components									

Initial Resolution No. 03-20  
Application No. 741

**AMENDED AND RESTATED RESOLUTION OF OFFICIAL INTENT TO  
ISSUE BONDS TO FINANCE SOLID WASTE DISPOSAL FACILITIES FOR  
BURRTEC WASTE GROUP, INC. AND/OR ITS AFFILIATES**

May 22, 2007

WHEREAS, the California Pollution Control Financing Authority ("Authority"), a public instrumentality, is authorized and empowered by the provisions of the California Pollution Control Financing Authority Act ("Act") to issue bonds for the purpose of defraying the cost of facilities for the disposal of solid and liquid waste products, including resource recovery and energy conversion facilities; and

WHEREAS, Burrtec Waste Group, Inc., a California corporation, and/or its affiliates (collectively, "Company") has submitted an application, as amended (the "Application"), requesting that the Authority assist in financing solid waste collection/disposal/recycling facilities to be owned and operated by the Company, which are expected to be comprised of solid waste and recycling related vehicles and equipment and certain materials recovery facilities (collectively, the "Facilities"), and have presented an estimate of the maximum cost of such Facilities as shown in Exhibit "A" attached hereto; and

WHEREAS, the Authority has previously adopted its Initial Resolution No. 03-20 on December 16, 2003 as amended on September 1, 2005 (the "Prior Initial Resolution") to assist in financing solid waste collection/disposal/recycling facilities to be owned and operated by the Company; and

WHEREAS, the Authority has previously issued its Variable Rate Demand Solid Waste Disposal Revenue Bonds (Burrtec Waste Group Inc. Project) Series 2004 in the amount of \$9,920,000 (the "2004 Bonds"), of which proceeds the sum of \$8,413,000 consisted of projects included within the Prior Initial Resolution and its Variable Rate Demand Solid Waste Disposal Revenue Bonds (Burrtec Waste Group Inc. Project) Series 2006 in the amount of \$18,445,000, all of which will finance projects described in the Prior Initial Resolution (the "2006 Bonds" and together with the 2004 Bonds, the "Prior Bonds"); and

WHEREAS, the Company has submitted a further amendment to its application to the Authority and has requested the Authority to restate and bring up to date the Prior Initial Resolution in order to: (1) amend the description of the Facilities as set forth in Exhibit "A" hereto, (2) modify the cost estimates shown in Exhibit "A" to the Initial Resolution to add the net amount of \$8,700,000 to its funding request, and (3) restate the total amount of bonds that the Authority declares its intent to issue (following issuance of the Prior Bonds) to \$42,600,000 (such updated listing of Facilities in such amount to be referred to hereafter as the "Remaining Facilities"); and

WHEREAS, the Authority desires to encourage the Company to provide solid waste collection/disposal/recycling facilities which will serve the public of the State; and

WHEREAS, the Authority deems it necessary and advisable to further the purposes of the Act that the Remaining Facilities be acquired at the earliest practicable date, but the Company requires satisfactory assurances from the Authority that the proceeds of the sale of bonds of the Authority will be made available to finance such Remaining Facilities; and

WHEREAS, the Company expects to incur or pay from its own funds certain expenditures in connection with the Remaining Facilities prior to the issuance of indebtedness for the purpose of financing costs associated with the Remaining Facilities on a long-term basis; and

WHEREAS, subject to meeting all the conditions set forth in this resolution, the Authority reasonably expects that debt obligations in an amount not expected to exceed \$42,600,000 will be issued and that certain of the proceeds of such debt obligations will be used to reimburse the Company for its prior expenditures for the Remaining Facilities; and

WHEREAS, Section 1.103-8(a)(5) and Section 1.150-2 of the Treasury Regulations require the Authority to declare its reasonable official intent to reimburse prior expenditures for the Remaining Facilities with proceeds of a subsequent borrowing;

NOW, THEREFORE, BE IT RESOLVED by the California Pollution Control Financing Authority as follows:

Section 1. The Authority finds and determines that the foregoing recitals are true and correct.

Section 2. The Authority declares its official intent to issue, at one time or from time to time, an aggregate of up to \$42,600,000 principal amount of bonds of the Authority for the Remaining Facilities, in one or more series, including for the purpose of reimbursing to the Company costs incurred for the Remaining Facilities prior to the issuance of the bonds.

Section 3. The bonds will be payable solely from the revenues to be received by the Authority pursuant to a loan agreement or other agreements to be entered into between the Authority and the Company in connection with the Remaining Facilities. Each bond shall contain a statement to the following effect:

"Neither the faith and credit nor the taxing power of the State of California or any political subdivision thereof or any local agency is pledged to the payment of the principal of, premium, if any, or any interest on this bond."

Section 4. The bonds shall be issued subject to the conditions that (i) the Authority and the Company shall have first agreed to mutually acceptable terms for the bonds and of the sale and delivery thereof, and mutually acceptable terms and conditions of the loan of the proceeds thereof to the Company; (ii) all requisite governmental approvals shall have first been obtained; (iii) a Final Resolution shall have been received from the Authority and the maximum principal amount of bonds authorized by such Final Resolution shall consider the ability of the Company to use the Remaining Facilities at various locations in the Counties of Los Angeles, Riverside, and San Bernardino and in the Cities of Santa Clarita and Palm Springs, California, or to use the Remaining Facilities in alternate

locations pursuant to contracts with other municipalities; and (iv) an allocation shall have been received from the California Debt Limit Allocation Committee.

Section 5. The Executive Director of the Authority is hereby authorized to indicate the willingness of the Authority to proceed with and effect such financing in order to assist the Company by defraying the cost of the Remaining Facilities, subject to due compliance with all requirements of the law and the obtaining of all necessary consents and approvals and to meeting all other requirements of the Authority.

Section 6. It is intended that this Resolution shall constitute "some other similar official action" toward the issuance of bonds within the meaning of Section 1.103-8(a)(5) of the Treasury Regulations and "official intent" within the meaning of Section 1.150-2 of the Treasury Regulations, each as applicable under Section 103 of the Internal Revenue Code of 1986, as amended.

Section 7. This Resolution shall take effect immediately upon its passage and remain in full force and effect thereafter; provided that, this Resolution shall cease to be effective on May 22, 2010, unless the Authority specifically adopts a further resolution extending the effective date of this Initial Resolution. The Authority will consider such extension upon receiving a specific request for such action from the Company, accompanied by any additional information requested by the Authority to supplement the Company's application, and an explanation of the status of the Project. Notwithstanding the foregoing, it is intended that this Resolution shall relate back to the dates of adoption of the Prior Initial Resolution with respect to any of the Remaining Facilities which were included in those resolutions and which were not financed with the Prior Bonds.

**EXHIBIT A**

**NUMBER:** 03-20A

**LOCATIONS:**

Equipment:

- Los Angeles County: Cities of Bradbury, Duarte, Irwindale, Monrovia, Pasadena, Pomona, and Santa Clarita, and unincorporated County
- Riverside County: Cities of Coachella, Palm Springs, and Riverside, and unincorporated County
- San Bernardino County: Cities of Barstow, Fontana, Highland, Landers, Montclair, Rancho Cucamonga, Redlands, Rialto, San Bernardino, Victorville, and Yucaipa, and unincorporated County.

Real Property and Related Equipment:

- City of Palm Springs – approximately 5 acres located at 19th Avenue and McLane Street
- City of Riverside – 1850 Agua Mansa Road
- City of Santa Clarita – 25120 Sierra Highway (and adjacent parcels)
- City of Coachella – 87-011A Landfill Road
- City of Fontana – 9820 Cherry Avenue.

Rolling stock will be garaged at one of the locations listed on Schedule I, attached hereto. Carts and Bins will be located at customers' sites in the Company's service territories.

**TYPE:** Solid Waste Collection/Disposal/Resource Recovery

**AMOUNT:** Up to \$42,600,000

**SCHEDULE I**  
**Burrtec Waste Group Operating Locations**

<b>ID</b>	<b>Location</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>County</b>
Hauling	Azusa (BWS) Hauling Division	320 Irwindale Ave.	Azusa	CA	91702	LA
Hauling	Barstow Hauling Division	2340 W. Main St.	Barstow	CA	92311	SB
Hauling	Empire Hauling Division	5455 Industrial Parkway	San Bernardino	CA	92407	SB
Hauling	Fontana/Rancho Hauling Division	9820 Cherry Ave.	Fontana	CA	92335	SB
Hauling	Mountain Hauling Division	988 Waterman Canyon	Crestline	CA	92325	SB
Hauling	Pomona Hauling Division	1250 E. Holt Blvd.	Pomona	CA	91767	LA
Hauling	Riverside Hauling Division	1850 Agua Mansa Rd.	Riverside	CA	92509	Riv
Hauling	Santa Clarita Hauling Division	26000 Springbrook Ave., Ste 101	Saugus	CA	91350	LA
Hauling	Victorville Hauling Division	17080 Stoddard Wells Rd.	Victorville	CA	92394	SB
Landfill	Barstow Landfill	32553 Barstow Rd.	Barstow	CA	92311	SB
Landfill	Colton Landfill	850 Tropica Rancho Rd.	Colton	CA	92324	SB
Landfill	Landers Landfill	59200 Winters Road	Landers	CA	92285	SB
Landfill	Mid-Valley Landfill	2390 Alder Ave.	Rialto	CA	92376	SB
Office	Fontana/Rancho Hauling Division	9890 Cherry Ave.	Fontana	CA	92335	SB
Office	San Bernardino County Landfill	222 W. Hospitality Lane, 2nd Floor	San Bernardino	CA	92408	SB
Landfill	San Timoteo Landfill	31 Refuse Rd.	Redlands	CA	92373	SB
Landfill	Victorville Landfill	18600 Stoddard Wells Rd.	Victorville	CA	92392	SB
MRF	Victor Valley MRF	17000 Abbey Lane	Victorville	CA	92394	SB
MRF/Transfer Station	Santa Clarita	25120 Sierra Highway and adjacent parcels	Santa Clarita	CA	91321	LA
MRF/Transfer Station	Palm Springs	19th Ave and McLane Street	Palm Springs	CA	92262	Riv
MRF/Transfer Station	Agua Mansa Transfer Station	1830 Agua Mansa Rd.	Riverside	CA	92509	Riv
MRF/Transfer Station	West Valley Recycling & Transfer	13373 Napa Street	Fontana	CA	92335	SB
Transfer Station	29 Palms Transfer Station	7501 Pinto Mountain	Twentynine Palms	CA	92278	SB
Transfer Station	Big Bear Transfer Station	38550 Holcomb Valley Rd.	Big Bear	CA	92314	SB



**Agenda Item – 4.A.1.**

<b>ID</b>	<b>Location</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>County</b>
Transfer Station	Camp Rock Transfer Station Lucerne Valley	27805 Squaw Bush Rd.	Lucerne Valley	CA	92356	SB
Transfer Station	Coachella Valley Transfer Station	87-011A Landfill Road	Coachella	CA	92236	Riv
Transfer Station	Heaps Peak Transfer Station	29898 State Hwy 18	Running Springs	CA	92382	SB
Transfer Station	Newberry Springs Transfer Station	30550 Poniente Drive	Newberry Springs	CA	92365	SB
Transfer Station	Sheep Creek Transfer Station	10130 Buckwheat Road	Phelan	CA	92371	SB
Transfer Station	Trail's End Transfer Station Morongo Valley	10780 Malibu Trail	Morongo	CA	92256	SB
Transfer Station	Trona-Argus Transfer Station	83000 1st Street	Trona-Argus	CA	93562	SB